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EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 40⁰⁰

191857

AUGUST 16, 2004

MEMORANDUM OF OIL AND GAS LEASE

TOWNSHIP 28 NORTH, RANGE 51 EAST, M.D.M.

LACY PROPERTIES, LTD.
222 EAST TYLER STREET
P.O. BOX 2146
LONGVIEW, TX. 75606

(903)758-8276

MEMORANDUM OF OIL AND GAS LEASE

STATE OF NEVADA §
 §
 COUNTY OF EUREKA §

THIS MEMORANDUM OF OIL AND GAS LEASE, by and between **BLACK STONE MINERALS COMPANY, L.P.**, a Delaware limited partnership, whose address is 1001 Fannin, Suite 2020, Houston, Texas 77002-6709, hereinafter called "Lessor," and **LACY PROPERTIES, LTD.**, whose address is 222 East Tyler Street, Longview, Texas 75606, hereinafter called "Lessee."

WITNESSETH: That Lessor, for a valuable consideration and in consideration of the covenants of the Lessee set forth in that certain Oil and Gas Lease made and entered into the 6th day of August 2004, by and between the parties hereto, does hereby grant, lease and let unto Lessee, the right to explore, drill for and to produce, extract, take and remove all oil, gas and constituent substances produced therewith, hereinafter sometimes referred to as "substances," contained in the Lands, to store said substances upon the Lands, to locate, erect, construct, maintain, replace and operate upon the Lands, such facilities and structures as may be necessary in the production, treatment, storage or transportation of said substances from the Lands in the **County of Eureka, State of Nevada**, more particularly described as follows:

<u>TOWNSHIP 28 NORTH, RANGE 51 EAST, M.D.M.</u>		<u>ACRES</u>
Section 9:	All	640.00
Section 11:	All	640.00
Section 15:	All	640.00
Section 17:	All	640.00
		2,560.00

containing 2,560.00 acres, more or less, which lands are sometimes referred to as the "Leased Premises."

The said Oil and Gas Lease is for a term of Five (5) Years from the above date, and so long thereafter as substances are being produced in paying quantities, or drilling, deepening or reworking operations are being conducted thereon as therein provided.

Reference is hereby made to executed copies of said Oil and Gas Lease in possession of Lessor and Lessee, respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Oil and Gas Lease to be executed this 6th day of August 2004.

LESSOR:

LESSEE:

BLACK STONE MINERALS COMPANY, L.P.

LACY PROPERTIES, LTD.

By: Black Stone Interests, L.L.C.,
 Its General Partner

[Handwritten signatures]

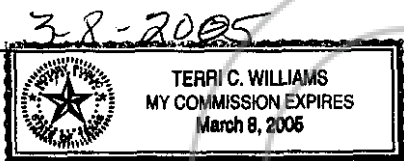
ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. A. Mills, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said **Black Stone Interests, L.L.C., General Partner of BLACK STONE MINERALS COMPANY, L.P.**, a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 6th day of August 2004.

My Commission Expires:



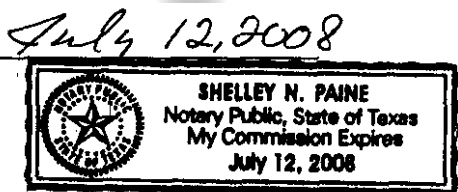
Terri C. Williams
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF GREGG §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Neal A. Hawthorn, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said **Lacy Property Management, Inc., General Partner of LACY PROPERTIES, LTD.**, a TEXAS limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 16 day of August 2004.

My Commission Expires:



Shelley N. Paine
Notary Public, State of Texas